Project No. 4901MF
Date: February 26, 2003
Humboldt, Saskatchewan

Final Report

Upgrades and Enhancements to the Facilities of the Prairie Agricultural Machinery Institute

for:

Technology Adoption and Demonstration Fund
of Saskatchewan Agriculture, Food and Rural Revitalization
Regina, SK

PAMI

Prairie Agricultural Machinery Institute

February 26, 2003
Humboldt, Saskatchewan
4901MF

Final Report

Upgrades and Enhancements to the Facilities of the Prairie Agricultural Machinery Institute

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104-03076/

1. Abstract

PAMI, over its 25-year history, has evolved into a very cost effective organization delivering Research and Development Services to further economic development in Saskatchewan. However, the main building was due for some major upgrades and enhancements. The projected costs would have been financially challenging and could have significantly reduced PAMI's ability to perform projects for clients, so an application was made to the Technology Adoption and Demonstration (TAD) Fund of Saskatchewan Agriculture, Food and Rural Revitalization requesting partnership funding to perform the upgrades and enhancements. TAD agreed to provide $336,100 while PAMI agreed to provide $68,900 for a total project fund of $405,000.

During the fiscal years of 2002 and 2003, the upgrades and enhancements were performed to PAMI's 25-year old building. These included:

- Installing a new roof.
- Updating the heating, ventilating, and air conditioning (HVAC) systems.
- Installing new ceiling and lighting.
- Adding "barrier free access" facilities.
- Removing asbestos from pipe joints.
- Bringing the stairways up to fire code.

Beneficiaries of this work are the 19 companies that worked on the project, PAMI clients, PAMI staff, and the Province of Saskatchewan.

2. Technical Report

2.1 Background

PAMI has recently completed its 25th Anniversary with a long list of successful accomplishments. Among other achievements, PAMI had moved from an organization that was nearly completely funded by the Provincial Department of Agriculture, Food and Rural Revitalization to one that is only 26% funded by its core grant. This means that for every dollar of grant investment, PAMI produces almost four dollars of Research and Development.

This Research and Development included several new project focuses including:

- Value-Added Processing
- Intensive Livestock Production
- Specialty Crop Production

However, this aggressive program of high return on the government grant investments and its 25 years of operation, had created a financial challenge. The PAMI building would soon require some extensive upgrading at a cost that would seriously hamper the effectiveness of its current operations.

As such, PAMI approached the Saskatchewan Department of Agriculture, Food and Rural Revitalization to join in partnership funding of a Building Upgrade Program. An application was prepared and submitted to the Technology Adoption and Demonstration (TAD) Fund. TAD would contribute $336,100 while PAMI would contribute $68,900 for a total project value of $405,000. PAMI would also contribute all the time required to manage, support, and take part in certain upgrades, which was estimated at $25,000 to $30,000.

2.2 Objectives

The targeted upgrades were to:

- Install a New Roof.
- Upgrade the HVAC System.
- Change the Ceilings and Lighting.
- Provide Barrier Free Access.
- Install a Security System.

This project was scheduled to begin early in fiscal year 01/02 and be completed in about 14 months.

2.3 Project Activities

2.3.1 Preparation

To ensure that the project received maximum value for the money, several preliminary activities were conducted. Mr. Ivan Francis, Capital Program Analyst/Manager of SPMC was consulted as he had a history of overseeing similar upgrades to SPMC buildings. He recommended that studies be done on the two major items (the roof and HVAC system). Roof Managements Systems of Regina and SRC of Saskatoon were contracted. The studies were conducted and along with the helpful advise of Mr. Francis, excellent information was obtained to ensure the newest, most functional, and most cost effective products were properly installed.

Stantec Consulting of Regina was then awarded overall consulting responsibility. Paley White was subcontracted for Electrical Engineering and Maurice Soulodre was subcontracted for Architectural Services.

2.3.2 Roof

The contract was awarded to Century Roofing of Saskatoon. The old roof membrane was removed, and a new roof was installed with the following features:

- Proven technology membrane with expected life exceeding 25 year,
- Significantly increased insulation.
- Tapers put in the roof towards the drains to minimize ponding.

The old deteriorating roof is shown in **Figure 1**, while the new roof is shown in **Figure 2**.

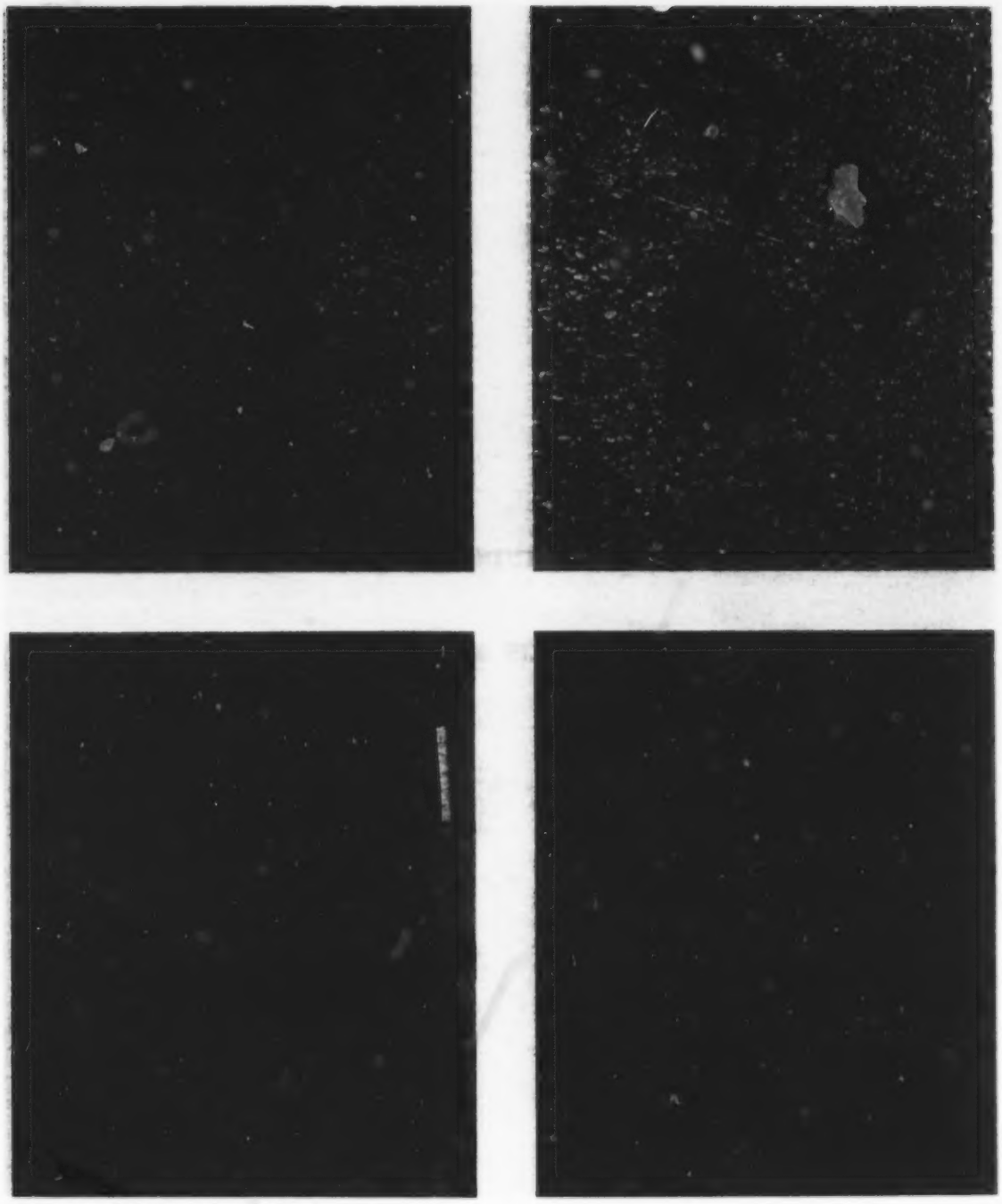

Figure 1. Old Deteriorating Roof.

Figure 2. New Roof.

2.2.3 HVAC Upgrades

Tasko Home Centre (Humboldt) was the General Contractor while Inter City Mechanical (Saskatoon) was subcontracted who further subcontracted another three companies.

The HVAC was upgraded with the following features:

- Window films installed to optimize sunlight energy (JCP Conservation Systems, Weyburn).
- Distribution ducting rerouted to allow individual temperatures and air flow control in each room.
- Adjustable diffusers to allow individual control of air direction.
- Entire system cleaned/flushed.
- Added humidity capability.
- Added controls to main HVAC units to optimize energy use.
- General fine tuning and air balancing.

A photograph of the building while under upgrades is shown in **Figure 3**.

Figure 3. HVAC Upgrades.

2.3.4 Ceiling and Lights

Tasko Home Centre (Humboldt) was the main contractor while Bunz Electric (Muenster) was subcontracted for the lighting.

Features of the new ceiling and lighting included:

- Improved appearance
- Flat ceiling tile on a 0.6 m (2 ft) square grid
- New style lighting
- Reduced glare
- Directed lighting
- Lower Energy
- Improved thermostat control of zones
- Electronic ballast (replaced existing with PCB's)
- Building exterior perimeter lighting was also improved

Pictures of the old ceiling and lighting are shown in **Figures 4** and **5**, while the new ones are in **Figures 6** and **7**.

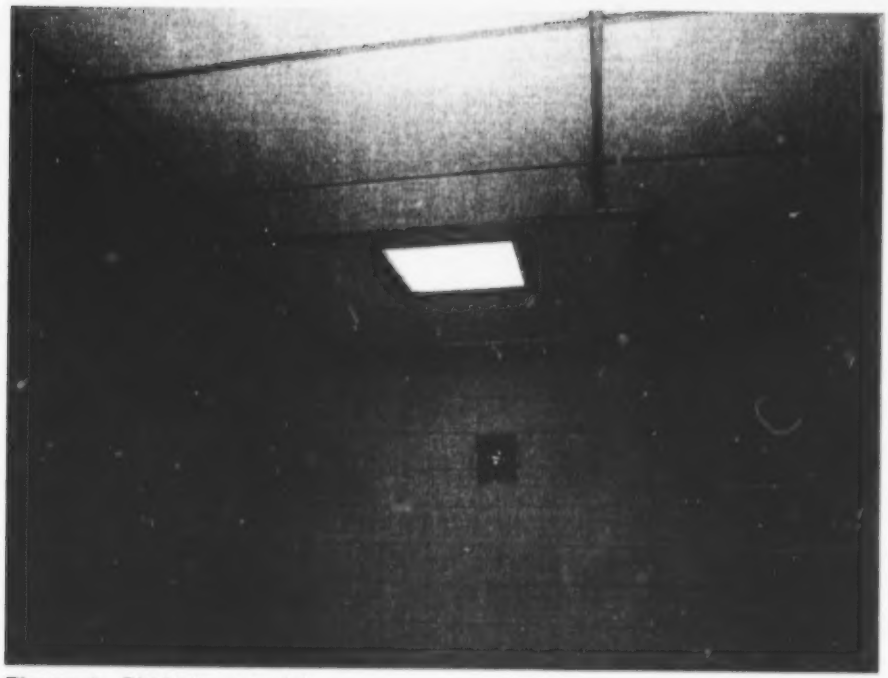

Figure 4. Old Lights (single).

Figure 5. Old Lights (grid).

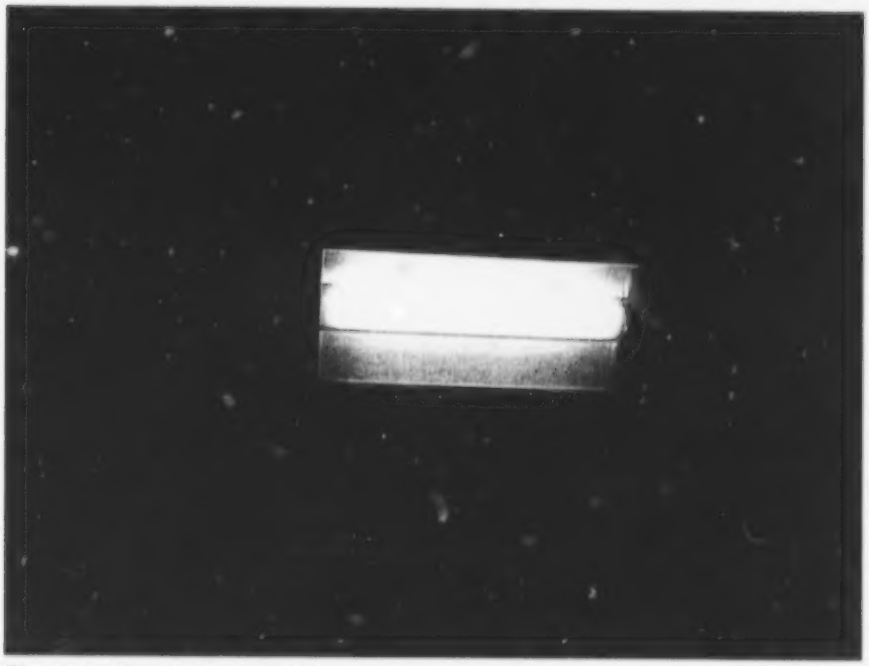

Figure 6. New Lights (single).

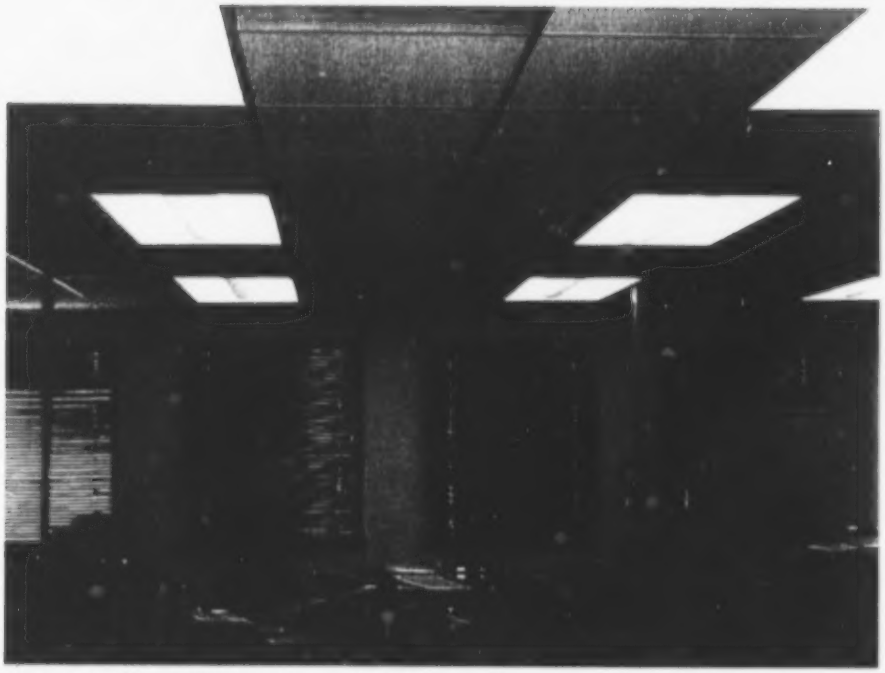

Figure 7. New Lights (grid) and Ceiling Layout.

2.3.5 Barrier Free Access

Tasko Home Centre (Humboldt) performed this work.

A barrier free access washroom (**Figure 8**) and conference room (**Figure 9**) were constructed on PAMI's main floor.

Figure 8. Barrier Free Access Washroom.

Figure 9. Barrier Free Access Conference Room.

2.3.6 Security System

During the renovations, two unexpected extra costs were incurred. They are described in the next section. As a result of these new costs and the fixed budget, the security system was cancelled. It is hoped that PAMI will be able to pursue this in the near future with its own Capital Budget.

2.3.7 Extra Requirements – Hot Water Pipe Joints with Asbestos and Fire Code Deficiencies

After the overall redesign was complete and the contract had been awarded, two new issues were discovered. Most of the hot water pipe joints leading to the reheat coils and radiation heaters had asbestos. This was seen as a priority to correct. Hub City Asbestos Removal (Saskatoon) was contracted to do the removal and Bersch and Associates (Saskatoon) was contracted to independently monitor air quality during the removal. This process was successfully completed without any asbestos infiltrating the building air (**Figure 10**).

Figure 10. Asbestos Removed at Joints.

Also, there were fire deficiencies regarding the fire rating of the upper sections of each stairway. Tasko Home Hardware (Humboldt) installed proper fire rated wall board to bring the stairways up to code (**Figure 11**).

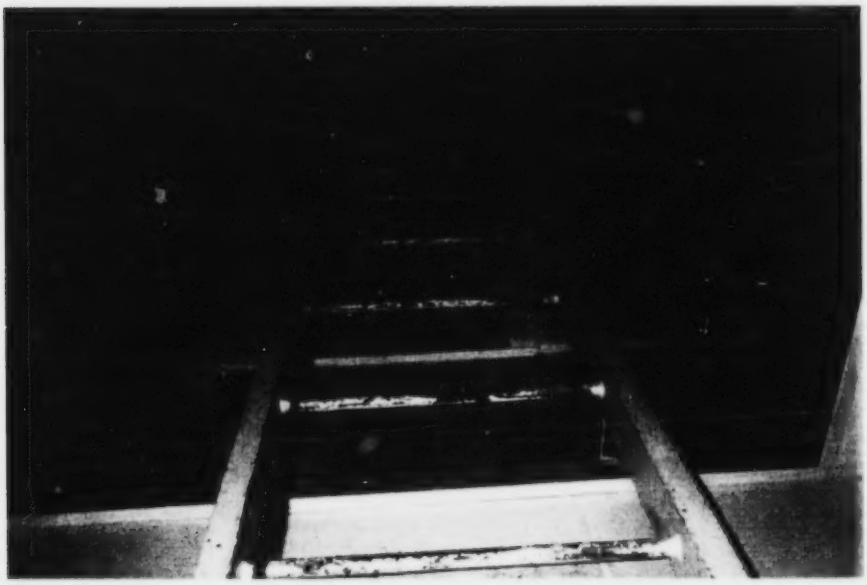

Figure 11. Fire Code Requirements.

2.3.8 Schedule

The work began June 2001 and was completed February 2003. This 21-month span was longer than originally estimated, but this allowed timing of the tenders to minimize cost and proper time for the work to proceed with quality.

2.3.9 Other

New revised building blueprints were drawn and the contractors provided manuals for all of work.

2.4 Benefits

The project provided benefits to four groups.

2.4.1 Companies that Worked on the Project

Over the course of the project, 19 different companies from five different centres were employed. All companies were from Saskatchewan.

2.4.2 PAMI Clients

They will benefit from the increased professional appearance of PAMI as well as lower project costs, since the cost of the upgrades will not be passed onto them.

2.4.3 PAMI Staff

Since the upgrades are complete, staff is commenting positively on lighting, comfort, and appearance. The concern of pending major and costly building repair is gone.

As an unexpected benefit, air quality has greatly improved. A current employee had developed Organic Dust Syndrome and could previously only function in the building with a special mask or in his office, which had its own air system (external to the main building system). After the upgrades, he is able to go anywhere in the building and breathe in comfort.

Overall, morale and productivity have improved.

2.4.4 The Province

With motivated and productive employees, and the positive benefits for clients, PAMI is well positioned to serve Saskatchewan through its annual output of 50-plus Research and Development projects that stimulate provincial economic development.

2.5 Conclusions

During the fiscal years of 2002 and 2003, upgrades and enhancements were performed to PAMI's 25-year old building. These included:

- Installing a new roof.
- Updating the HVAC systems.
- Installing new ceiling and lighting.
- Adding "barrier free access" facilities.
- Removing asbestos from pipe joints.
- Bring the stairways up to fire code.

Beneficiaries of this work are the 19 companies that worked on the project, PAMI clients, PAMI staff, and the Province of Saskatchewan.

APPENDIX I

Appendix I

TAD Contract

Project: 20000350
Res: TAD 3

COPY

THIS AGREEMENT
BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF SASKATCHEWAN
as represented by the
Minister of Agriculture and Food
(the "Department")

- AND -
Prairie Agricultural Machinery Institute
Box 1900, Hwy #5 West
HUMBOLT SK S0K 2A0
(the "Consultant")

WHEREAS, pursuant to The Department of Agriculture Act and The Government Organization Act , the Department may enter agreements that promote the agricultural and food industries in Saskatchewan,

AND WHEREAS the Department and the Consultant (sometimes hereinafter referred to as "the parties") are desirous of entering into an agreement for the purpose of providing financial assistance to the Consultant to carry out several upgrades to PAMI's facility in Humbolt,

NOW THEREFORE the parties agree as follows:

Definition

1. The term "Project" within this agreement means the whole of the activities as described in the work plan entitled **"Upgrade and Enhance Facilities of Prairie Agricultural Machinery Institute"** which is detailed in Appendix A of this agreement.

The Consultant's Duty

2. The Consultant undertakes to complete the Project in accordance with the work plan attached as Appendix A. The Consultant is an independent contractor, is solely responsible for the Project, and shall not hold itself out as the partner, agent or legal representative of the Department.

The Department's Contribution

3. The Department shall contribute up to but not more than **THREE HUNDRED AND THIRTY SIX THOUSAND ONE HUNDRED DOLLARS ($336,100.00)** (the contribution) to the Project; it being understood always that the Department's liability for payment shall be conditional upon performance of all terms of this Agreement by the Consultant.

4. The Department shall make payments only as outlined in Appendix "B" of this Agreement.

Books and Records

5. The Consultant shall from the commencement of the Project and for as long as payments are due to the Department under the terms of this Agreement, keep and preserve proper books, accounts, and records relating to the costs of the Project and make them available for inspection by the Department or any person(s) engaged by, or acting on behalf of, the Department, and shall allow such person(s) access to the Consultant's premises at any time, upon reasonable notice by the Department to the Consultant, to inspect and assess the progress of the Project and shall provide such assistance as may be required for such inspections and assessments.

6. The Consultant will safeguard all data and documentation arising from the Project and will allow the Department access to the data from the Project, without charge from the commencement of the Project and for as long as payments are due to the Department under the terms of this Agreement.

Accounting

7. The Consultant shall, at its expense, provide the Department with a statement of its expenditures associated with the Project either:

   a) within ninety days of the completion or termination of the Project, or

   b) within ninety days of receiving a request from the Department for such a statement.

Notice to Department

8. The Consultant shall immediately notify the Department, in writing, if the Consultant:

   (a) changes its address;

   (b) goes into receivership or has a receiving order made against it;

   (c) becomes bankrupt or insolvent;

   (d) makes an assignment for the benefit of creditors;

   (e) is the subject of an order or a resolution passed for its winding up;

   (f) takes the benefit of any statute for the time being in force relating to bankrupt or insolvent debtors;

   (g) ceases to carry on business; or

   (h) does anything or fails to do anything, resulting in the termination or interruption of its continued corporate existence or its failure to be registered or its being struck off the register of corporations for Saskatchewan.

Termination

9. If the Consultant, in the opinion of the Department,

(a) fails to fulfil any term or condition of this Agreement, or to complete any aspect of the Project as outlined in Appendix "A" by the date specified therein, and does not remedy the failure after the Consultant has notice from the Department that the failure is to be remedied within such time as the Department shall determine;

(b) goes into receivership or has a receiving order made against it;

(c) becomes bankrupt or insolvent;

(d) makes an assignment for the benefit of creditors;

(e) is the subject of an order or a resolution passed for its winding up;

(f) takes the benefit of any statute for the time being in force relating to bankrupt or insolvent debtors;

(g) ceases to carry on business;

(h) does anything or fails to do anything, resulting in the termination or interruption of its continued corporate existence or its failure to be registered or its being struck off the register of corporations for Saskatchewan; or

(i) submits false or misleading information to the Department,

the Department may, by notice in writing to the Consultant, exercise any or all of the following remedies:

i) terminate this Agreement, in whole or in part forthwith, and such termination shall be effective on the date of the posting of such notice;

ii) discontinue contributions to the cost of the Project;

iii) realise on any security pursuant to a security agreement entered into by the parties; or

iv) take the benefit of any other remedy available in law or in equity to which it may be entitled.

10. Upon completion or termination of the Project, the Consultant shall immediately return to the Department those amounts contributed by the Department that the Consultant has not expended for the work described under this agreement.

Assignment

11. The Consultant shall not assign any rights or obligations under this Agreement without the written consent of the Department, and any assignment made without consent is void and of no effect. The Consultant shall deliver to the Department an executed copy of any such assignment within fifteen (15) working days of receiving consent from the Department.

12. No assignment of this Agreement shall relieve the Consultant from any obligation of the Consultant to the Department hereunder.

Publications and Reports

13. The Department shall have the right to make public, through whatever means the Department considers appropriate, general information about this Agreement and the Project, including, but not limited to, the name and purpose of the Project, the amount and timing of the funding, the identity of the recipient of the funds, and the anticipated number of jobs to be created by and benefits to Saskatchewan from the Project.

Acknowledgement

14. The Consultant will acknowledge in all appropriate reports, events and reference to this Project that funding was contributed by the "**Saskatchewan Department of Agriculture and Food**."

General

15. The appendices of this Agreement form part of the Agreement and are binding on the parties.

16. In the case of any conflict between the terms of this Agreement and any sub-contract or assignment or other agreement affecting the Project, the terms of this agreement shall prevail.

17. The Consultant hereby indemnifies and saves harmless the Department, and all Ministers, servants, employees, agents and representatives of the Government of Saskatchewan, from all costs and expenditures incurred by the Consultant, and any and all claims, actions, costs, expenses and liabilities whatsoever arising out of the acts or omissions of the Consultant, or its officers, employees, sub-contractors or agents in connection with this Agreement or the carrying out of the Project. This section shall survive any expiration or termination of this Agreement

18. The failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect its rights thereafter to enforce such provision, nor shall the waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any other breach of this Agreement.

19. The Consultant will ensure that the Project does not violate any laws enacted to protect the environment.

20. The laws of Saskatchewan apply to this Agreement.

21. Time shall be of the essence in this Agreement.

22. This Agreement shall be binding upon the parties hereto and their successors and assigns.

23. This Agreement, including the schedules, constitutes the entire Agreement between the parties and there are no representations or agreements other than those in this Agreement.

24. Notices required hereunder may be sent prepaid, registered mail or by any electronic message which provides hard copy to the Consultant at its last known address or to the Saskatchewan Department of Agriculture and Food, Research Branch, Room 329, 3085 Albert Street, Regina, Saskatchewan, S4S 0B1, and any notice shall be deemed to have been given when in the ordinary course, such letter or electronic message should have reached its destination.

25. Changes to this Agreement may only be made by agreements between the parties in writing.

SIGNED AND DELIVERED on March 27, 2001.

Witness

Authorized by and on behalf of the Minister of Agriculture and Food for the Province of Saskatchewan

SIGNED AND DELIVERED on March 26, 2001.

Witness

PAMI President/CEO

REVISED December 5, 2001

APPENDIX "B"
Project: 20000350
RES: TAD 1

DISBURSEMENT SCHEDULE AND CONDITIONS

1. The Department shall make the following contributions:

(a) up to	$300,000.00	on signing
(b) up to	$ 36,100.00	on or before January 31, 2003
Total	$336,100.00	

2. All payments, except the initial payment, are contingent upon:

   (a) receipt of a project report & expense statement by each date indicated and

   (b) approval of the project report & expense statement by the Department.

3. **Reports for the Department must include the information listed below:**

   (a) **Summary** (Abstract) – maximum of one hundred words in lay language. Indicate project objectives, observations, and conclusions for use in publications and in the Department database.
   (b) **Technical Report** – a description of all work completed stating background and project objectives, observations, and conclusions.

   -project activities, achievements, papers, presentations, etc.
   -discussion of results and conclusions,
   -indications for further development,
   -information of benefit to producers, processors, or government.

   (c) **Personnel** – where project funds have been provided for salaries or fees, include a list of the persons involved in the project and for each of them, the amount of time spent on project work, and salary or wages paid.
   (d) **Equipment** – include a list of any equipment purchased or rented with project funds. Indicate specifications (and serial numbers if purchased).
   (e) **Project Developed Materials** – when applicable, include copies of any labels, posters, brochures, publications etc. developed during the project (or final product samples – if practical).
   (f) **Project Photos** – include project photos (or 35 mm slides), if practical.
   (g) **Acknowledgment** – indicate what actions were taken to acknowledge the Department's support for the project.
   (h) **Expense Statement** – provide a final statement of project receipts and expenditures. Group expenditures under those categories outlined in the approved project budget.

Application For Funds

To

Upgrade and Enhance Facilities

Of

Prairie Agricultural Machinery Institute

Submitted to:

Technology Adoption and Demonstration Fund
C/o Abdul Jalil
Saskatchewan Agriculture & Food
Phone: (306) 787-5960

Prepared by:

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March 14, 2001

REQUEST

The Prairie Agricultural Machinery Institute (PAMI) requests that Saskatchewan Agriculture and Food (SAF) provide a grant of $336,100 over two years. The grant will be used to make capital upgrades to PAMI's facilities in order for PAMI to successfully launch new strategic initiatives over the next five-year period. PAMI will contribute $68,900 toward the upgrades from retained earnings from its contract work with Industry.

OBJECTIVE

The objective of this project is to carry out six upgrades to PAMI's facilities in Humboldt.

JUSTIFICATION

Over the past decade, PAMI has focused heavily on technologies for agricultural diversification within the Canadian prairies. With assistance from SAF, PAMI made significant commitments to key growth areas including:

- Value-added processing
- Intensive livestock production (hogs)
- Specialty crop production (pulses, herbs & spices, organics)

PAMI plans also to greatly increase its work over the next three years in extensive livestock production (cattle), especially in mechanization technologies to assist growth of this sector.

At the same time, PAMI also made great strides in securing its own operating funding through direct fee-for-service work. Appendix 1 contains a document entitled Revenue Sources, Canadian Research and Technology Organizations. It shows PAMI's accomplishment in comparison to other prominent Canadian Research Organizations. The organization currently raises approximately 74% of its operating funding directly from agricultural producer associations, equipment manufacturers and research funding agencies, making it one of the most intensive revenue earners among all research organizations in Canada.

But PAMI can currently only commit $120,000 each year for capital investment to maintain its $8 million (at cost) asset base of laboratory facilities and equipment. Over the past decade, and for the next five years these funds must continue to virtually all go to investment in test equipment and instrumentation. This will be critical for implementing and growing the initiatives mentioned above. Basic infrastructure items would therefore go unfunded. This is not sustainable in the long term, making it critically necessary to acquire capital funding from PAMI's stakeholder provinces.

PROJECT DESCRIPTION

This project will carry out several upgrades to PAMI's facility in Humboldt. Details of the upgrades are described following.

1. **Building Roof:** Significant deterioration is beginning to occur and experts suggest 25 years as the maximum lifetime of the existing system. An entire roof system replacement is required. This needs to be done before leaks occur and do damage to the building structure and interior.

2. **HVAC system:** Current staffing levels are 50% over original facility design parameters. The original system is energy inefficient by design and equipment is aging. No humidity is provided which is damaging to paper resources and electronic equipment. System upgrades include work on the Main Units, Ducting, Remote Coils, and temperature control systems.

3. **Ceiling, Lighting and Diffusers:** These fixtures are of outdated design and are to be replaced. Existing light elements are 10 times more costly than modern lighting designs to replace as well as requiring more energy.

4. **Security Systems:** Original facility not set up to accommodate confidential project work or to provide after-hours security. Upgrades would include an electronic monitoring system, compound fencing and a curtain system to section off building project areas.

5. **Barrier Free Access:** Not included in original design. There is a growing need for this to accommodate clients and public with special needs.

PROJECT SCHEDULE

The upgrades are to be carried out over 2 fiscal years, as shown in the schedule below. The project is scheduled to start May 2001, and to be completed May 2002. Although the schedule shown is most convenient, the timing could be compressed to keep the project within the 2001/02 fiscal year, if required.

Upgrade	Start Date	Completion Date
Building Roof	May 2001	Sep 2001
HVAC Upgrade	Apr 2002	May 2002
Ceiling, Lighting and Diffusers	Apr 2002	May 2002
Security System	Nov 2001	Jan 2002
Barrier Free Access	Sep 2001	Nov 2001

PROJECT BUDGET

The budget established for this project is shown in the following table. Total cost of the upgrades is budgeted at $405,000. It is requested that SAF provide 83% of this or $336,100. PAMI will contribute 17%, or $68,900.

Upgrade	Total Cost	PAMI Portion	SAF Portion
Building Roof	$200,000	$34,030	$165,970
HVAC Upgrade	$90,000	$15,310	$74,690
Ceiling, Lighting and Diffusers	$50,000	$8,510	$41,490
Security System	$40,000	$6,800	$33,200
Barrier Free Access	$25,000	$4,250	$20,750
Total	**$405,000**	**$68,900**	**$336,100**

APENDIX 1

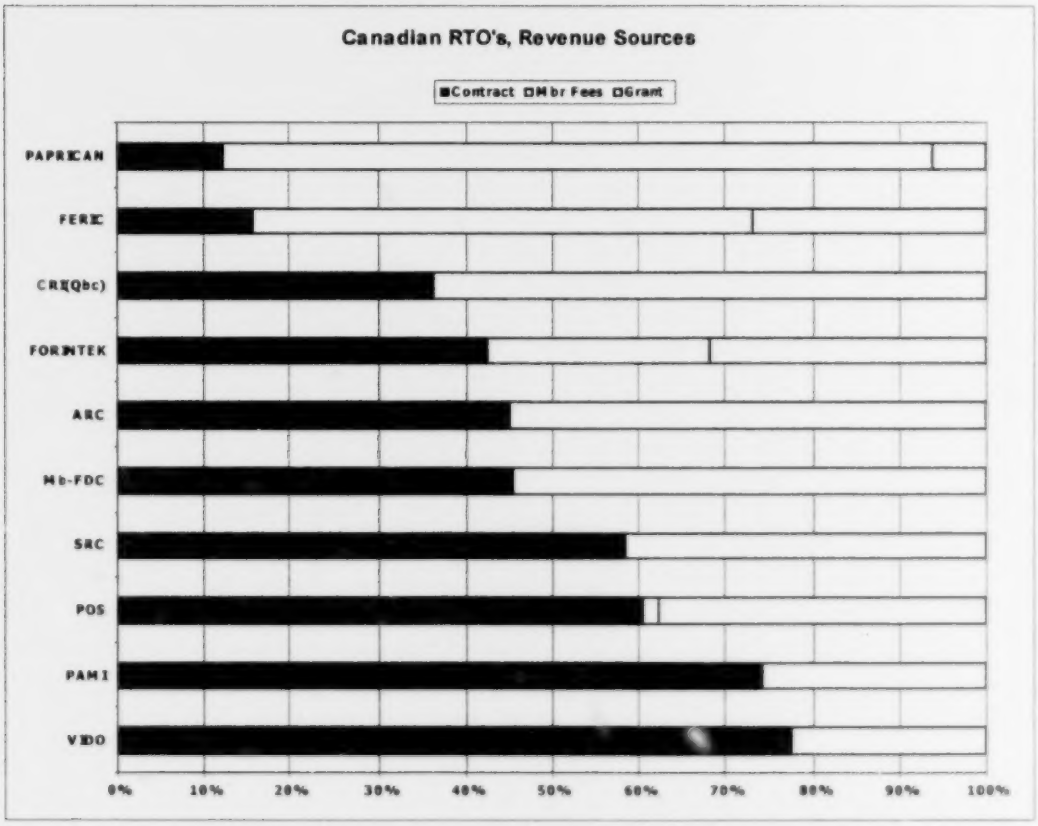
REVENUE SOURCES, Canadian Research and Technology Organizations

INTRODUCTION

The following illustration shows revenue sources for 10 Research and Technology Organizations (RTO's) in Canada. The information was derived by PAMI from annual reports. Some interpretation and judgment was necessary in estimating revenue levels in certain categories for some of the organizations. Wherever possible, financial results for the fiscal year 1999/2000 were used for this study. Where such results were not available, 1998/99 results were used. The various revenue categories in this study as well as the organizations included in the study are described below.

OBSERVATIONS/CONCLUSIONS

PAMI ranked very favorably among the 10 Canadian RTO's surveyed in terms of its direct revenue earning accomplishments. Among all firms studied, PAMI ranked second highest. Only VIDO had a higher percentage of revenues from contract work.



FUNDING SOURCES

Contracts: Revenues derived for project-specific activities with clients. Such clients would usually be industry firms or associations, or government funding agencies for which the project work would be competitively bid. Contract revenue must be re-earned on a project-by-project basis, much like a private sector firm must re-earn its revenues every year.

Membership Fees: These revenues are much like a grant, but come from industry firms rather than from government. Three firms have significant amounts of revenue in this category. They carry out technology work for very large companies in Canada who have banded together to create and maintain the RTO, usually in conjunction with either a provincial or federal government department.

Grants: Funds given to the organization by provincial and/or the federal government on an ongoing basis. These funds are not tied to any specific project deliverable, but are intended to assist the organization to remain in operation and to "carry out its mission".

RTO's IN STUDY

PAPRICAN: Pulp and Paper Research Institute of Canada. This organization operates for the benefit of the pulping industries in Canada. It receives approximately 7% of its funding from government grants and 83% of its funding from member fees. Approximately 10% of revenues come from contract work.

FERIC: Forestry Engineering Research Institute of Canada. This is a forest harvesting technology organization that works with the large forestry companies in Canada to improve harvesting technologies. It receives ongoing government grants totaling approximately 27% of revenues, while membership fees comprise another 57% of revenues. The remaining small amount of revenue is derived from contracts for project-specific work.

CRI(Qbc): The Center for Industrial Research of Quebec, a provincial research organization much like what many of the provinces has. This organization has about 65% of its revenue coming from government grants while the remainder comes from contract revenues.

FORINTEK: This organization is focused in the wood processing and utilization industry, and serves industries across Canada. It gets approximately 33% of its revenue from government grants, 40% from contract work with industries and funding agencies, and the remaining 27% from membership fees.

ARC: Alberta Research Council is the main provincial research organization Alberta. It is funded approximately 55% by government grant with the remaining money coming from contract revenue.

Mb-FDC: Manitoba Food Development Center, a specialized development center within the province. It operates on a provincial grant of approximately 55% with remaining revenues coming from contracts.

SRC: Saskatchewan Research Council, another provincial research organization. The organization receives about 42% of its revenue from provincial grant with the remaining revenues from contract work.

POS: POS Pilot Plant Corp. This organization to provides processing technologies. It operates in Saskatchewan but has clients across Canada, and internationally. The organization receives approximately 35% of its revenue from government grants with most of the remaining revenue coming from contract work. POS also receives a small amount of revenue from membership fees.

PAMI: Prairie Agricultural Machinery Institute, currently receives grants totaling 26% of its revenue. The remaining 74% come from contract work and other sources.

VIDO: Veterinary Infectious Disease Organization. This organization is resident at the University of Saskatchewan and serves much of Canada in the research and development of medicine to fight infectious diseases in livestock. The organization receives approximately 23% of its revenue in grants, although these are not necessarily long-term, on going grants. The remaining revenue for the organization is earned mostly from funding agencies, but also from livestock associations and private sector firms for large projects to develop medications.

From: "Hume, Jennifer IR" <jhume@ir.gov.sk.ca>
To: "'Jim Wassermann'" <jwassermann@pami.ca>
Subject: RE: Building Upgrades Extension
Date: Fri, 31 Jan 2003 13:39:35 -0600
X-Mailer: Internet Mail Service (5.5.2653.19)

Hi Jim,
There is no problem in giving you an extension until the end of February, but the final report must be received no later than the 1st of March. I will not be able to move allocated funds into next years budget so I must ensure that I receive all reports as early as possible in order to ensure that everything gets paid prior to the new budget.
Thank you for the update, please keep me posted!
Jenifer

-----Original Message-----
From: Jim Wassermann [mailto:jwassermann@pami.ca]
Sent: Friday, January 31, 2003 11:35 AM
To: jhume@ir.gov.sk.ca
Subject: Building Upgrades Extension

EXTENSION OF COMPLETION DEADLINE TO FEB 28/2003 /dow.

Hi Jennifer,

I am writing to give a brief update on the status of the Building Upgrades Project which is funded jointly be TAD and PAMI.

In summary, the project is essentially complete and has been a huge success. The major elements which include roof, HVAC, ceiling & lighting, and handicap access are all complete and have nicely brought the facility up to current standards. This will certainly allow us to provide R & D services to our Saskatchewan clients with quality and in an efficient manner.

Today is the deadline for completion of the final report. However for the reasons given below, I would like to ask for a small extension. A few weeks might be adequate but an extension to Feb 28 would be ideal.

During the upgrades, we came across a few unexpected expenses. There was asbestos on many pipe fittings which we replaced and there were deficiencies with respect to the fire code (apparently deficient from Day 1) which we corrected. These represented delays and extra expense. We do not have the invoices from these extra costs yet, but we expect them to prevent us from being able to purchase the planned security system unless we can source some alternate extra funds. The above requested extension is to allow us to determine all costs to date and determine the actions regarding the security system.

We see the security system as a higher priority now as our local police advised that we have been lucky todate without a break-in because burglars might have previously assumed that we always had a security system. Now, with all the contractors that have been here, word is probably "on the street" that we don't have one so the risk has risen. This is turning out to be a very tough financial year for PAMI so we will be unable to fund it.

As soon as I get more details, I will update you with the specifics.

I look forward to your response on the requested extension.

James Wassermann, P.Eng.

Vice President - SK Operations

Prairie Agricultural Machinery Institute

APPENDIX II

Appendix II

Personnel

TAD reporting requirements are to list personnel where project funds have been provided for salaries and fees. Since all $405,000 of the project funds were spend on the external costs of the Upgrades and Enhancements, there is no applicable information to report.

APPENDIX III

Appendix III

Equipment Purchased

1. Building Roof Replaced
2. HVAC Upgraded
3. Ceiling and Lighting Replaced
4. Barrier Free Access Added
5. Asbestos on Pipes Removed
6. Fire Code Deficiencies in Stairways Brought up to Code

APPENDIX IV

Appendix IV

Project Developed Materials

TAD requires reporting of Project Developed Materials. This is generally not applicable to this project. However, updated blueprints were completed and manuals were developed for all systems that were worked on. (Both are too bulky to include in this report but are available for viewing at PAMI.)

APPENDIX V

Appendix V

Project Photos

Project photos are included in the technical report.

APPENDIX VI

Appendix VI

Acknowledgements

1. The PAMI Board was advised of the TAD contribution.
2. PAMI staff was advised of the TAD contribution.
3. All contractors were advised of the contribution by the province.
4. A sign was posted in the PAMI building in the staff lounge, which is visible to PAMI clients and visitors. It will remain until March 2004.

APPENDIX VII

Appendix VII

Expense and Funding Statements

Expenses

Item	Budget	Actual
Building Roof	$200,000.00	$167,101.00
HVAC Upgrades	90,000.00	76,308.47
Ceiling and Lighting	50,000.00	140,529.38
Barrier Free Access	25,000.00	8,943.27
Security System	40,000.00	0.00
Asbestos Removal and Fire Code Upgrades	Not Budgeted	12,444.24
Subtotal	**$405,000.00**	**$405,326.36**
PAMI Time and Internal Costs	Not Budgeted	$37,921.00
Total	**$405,000.00**	**$443,247.36**

Funding

Item		Budget	Actual
TAD		$336,100.00	$336,100.00
PAMI	- External	68,900.00	69,226.36
	- Internal	Not Budgeted	37,921.00
Total		**$405,000.00**	**$443,247.36**